

HAWAII ADMINISTRATIVE RULES

TITLE 17

DEPARTMENT OF HUMAN SERVICES

SUBTITLE 6 FAMILY AND ADULT SERVICES DIVISION

CHAPTER 681

ISSUANCE OF BENEFITS

Subchapter 1 Financial Assistance Requirements

- §17-681-1 Purpose
- §17-681-2 General requirements
- §17-681-3 Methods of payment
- §17-681-4 Delivery of payment
- §17-681-5 Holding financial assistance warrants
- §17-681-6 Warrant cancellation
- §17-681-7 Duplicate payment issuance
- §17-681-8 Protective payment
- §17-681-9 Imprest fund issuance
- §§17-681-10 to 17-681-15 (Reserved)

Subchapter 2 Medical Assistance Requirements

- §17-681-16 Purpose
- §17-681-17 Medical care identification cards
- §17-681-18 Effective date of authorization
- §§17-681-19 to 17-681-23 (Reserved)

Subchapter 3 Food Stamp Requirements

- §17-681-24 Purpose
- §17-681-25 Definitions
- §17-681-26 Timely issuance of benefits

§17-681-27 Delayed issuance of benefits
 §17-681-28 Identification (ID) cards
 §17-681-29 ATP card issuance
 §17-681-30 Replacing ATP cards
 §17-681-31 Replacing coupons
 §17-681-32 Return of coupons
 §17-681-33 Old series coupon exchange
 §17-681-34 Allotments of \$1, \$3, or \$5
 §§17-681-35 to 17-681-39 (Reserved)

Subchapter 4 State Participation In the SSI And State Loan Programs

§17-681-40 Purpose
 §17-681-41 State financial participation
 §17-681-42 Intent of the state loan program for
 applicants of SSI
 §17-681-43 Relationship to financial assistance
 programs
 §17-681-44 Eligibility requirements for receipt of a
 state loan
 §17-681-45 Conditions for receipt of a state loan
 §17-681-46 Termination of a state loan

Historical Note: This chapter is based substantially
 on sections 17-626-3, 17-626-4, 17-626-4.1, 17-626-4.2,
 17-626-4.3, 17-626-5, 17-626-5, 17-626-6, 17-626-7, 17-
 626-7.1, 17-626-20, 17-626-21, 17-626-22, 17-626-23
 [Eff 7/19/82; am 11/16/82; am 2/15/83; am 6/6/83; am
 11/12/83; am 12/24/84; am 8/29/85; am 5/2/87; am
 8/15/87; am 11/9/87; am 2/11/91; am 6/29/91; R 3/19/93]
 §§17-638-21, 17-638-22, 17-638-23, 17-638-24, 17-638-
 25, 17-638-26, 17-638-27, 17-638-41, 17-638-42 [Eff
 7/19/82; am 7/1/83; am 1/30/87; R 3/19/93] §§17-715-2;
 17-715-8 [Eff 7/19/82; am 10/1/83; am 1/19/84; am
 8/16/86; am 12/30/88; am 6/1/89; am 10/6/89; am
 12/21/89; am 8/30/91; R 3/19/93] §§17-716-2, 17-716-
 55, 17-716-56 [Eff 7/19/82; am 4/1/83; am 10/1/83; am
 7/23/84; am 3/1/85; am 8/16/86; am 12/27/86; am

10/26/87; am 12/30/88; am 7/24/89; am 10/19/89; am 7/20/91; am 8/30/91; am 1/27/92; R 3/19/93] §§17-719-2, 17-719-6, 17-719-7, 17-719-28, 17-719-29, 17-719-30, 17-719-31, 17-719-32, 17-719-33, 17-719-34 [Eff 7/19/82; am 10/1/83; am 6/8/84; am 7/23/84; am 3/1/85; am 9/2/86; am 12/27/86; am 5/28/87; am 8/31/87; am 5/4/89; am 7/24/89; am 10/6/89; am 8/25/90; R 3/19/93] §§17-742-6, 17-742-7 [Eff 7/19/82; am 8/23/84; R 3/19/93]

SUBCHAPTER 1

FINANCIAL ASSISTANCE REQUIREMENTS

§17-681-1 Purpose. The purpose of this subchapter is to establish the methods of issuing, replacing, and canceling warrants and requirements for issuing benefits under the financial assistance programs. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-681-2 General requirements. (a) An individual shall receive financial assistance under one financial assistance program.

(b) An individual may be a non-needy payee in another financial assistance case.

(c) Financial assistance paid by the department shall not be subject to assignment, garnishment, or attachment.

(d) Financial assistance payments shall be repaid to the department when:

- (1) State loans are provided to applicants of SSI under subchapter 4 who are approved for SSI;
- (2) Real property liens are obtained under chapter 17-675;
- (3) Overpayments occur and are collectible under chapters 17-606 and 17-683; or

- (4) Claims are filed against the estate of a former recipient under chapter 17-605.
- (e) The department shall not direct the manner in which the applicant or recipient plans, budgets or spends the financial assistance payment except in cases of money mismanagement or sanctions in which a protective payee is designated. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §§346-33 to 36; 45 C.F.R. §§233.10, 233.20, 234.60)

§17-681-3 Methods of payment. (a) Financial assistance payments to eligible persons shall be paid in the form of a state warrant, protective payment, or imprest fund check.

- (1) The general method of payment shall be by regular state warrant to the eligible recipient payee, legally appointed guardian of the recipient, or non-needy payee.
- (2) The following individuals may be designated as payee for the monthly financial payment:
 - (A) An eligible adult in a one-member family;
 - (B) One of the eligible adults in a family with two or more eligible adults;
 - (C) A parent or relative in a family consisting of adults and children;
 - (D) A non-needy individual living in the household of eligible welfare recipients;
 - (E) An individual other than a specified relative in an emergency situation that deprives the child receiving AFDC of the care of the parent or relative. The payee shall be changed to the parent or relative at the termination of the emergency situation; or
 - (F) The eligible minor who has a separate AFDC or state AABD case if:

- (i) The minor is living independently and is able to manage the financial assistance payment; or
 - (ii) The parents or specified relative with whom the minor is living agrees that the eligible minor shall be the payee.
- (b) The income maintenance worker shall determine if an individual is in need of protection or if the need for a legal guardian is indicated in subsection (c).
- (1) Referral to an agency for assistance with financial planning and money management may be made when information indicates that the individual's ability to manage the individual's own financial affairs is highly questionable and the individual is not receiving follow-up services from an agency; and
 - (2) All referrals shall be made with the full knowledge and understanding of the adult recipient.
- (c) The income maintenance worker, with supervisory approval, shall determine whether money mismanagement necessitates protective payment. Money mismanagement occurs when:
 - (1) The recipient demonstrates continued inability to plan and budget necessary expenditures for the assistance period;
 - (2) There is continued evidence from the income maintenance worker's observation, community complaints, medical or psychiatric reports, or social service worker reports that the children or recipient are not properly fed or clothed and that expenditures for the children or recipient are made in such a way as to threaten their chances for healthy growth and development;
 - (3) There is persistent and deliberate failure by the recipient to meet obligations for rent,

food, school supplies, and other essentials;
or

- (4) There are repeated evictions of the recipient or incurrence of debts by the recipient with attachments or levies against the family's income or assets.

(d) A recipient determined to be in need of a protective payee because of money mismanagement shall have the recipient's situation reviewed as frequently as indicated by the individual's or family's circumstances, but not less frequently than every twelve months. The review shall be made to:

- (1) Determine the continued need for protective payments; and
- (2) Ensure that the protective payee is carrying out the responsibilities of a protective payee. [Eff 3/19/93] (Auth: HRS §§346-14, 346-53) (Imp: HRS §§40-85, 346-38, 346-55; 45 C.F.R. §§233.90, 234.11, 234.60, 234.70)

§17-681-4 Delivery of payment. (a) Financial assistance warrants shall be mailed directly to the mailing address designated by the payee, except that the department shall mail protective payments to the protective payee and vendor payments to the appropriate vendor.

(b) No FASD office shall be used as the mailing address for recipient mail.

(c) Financial assistance payments to eligible recipients shall be made once a month.

- (1) The financial assistance payment shall be mailed not later than the fifth work day of the payment month to eligible recipients whose completed monthly eligibility reports are received within the timely period specified in chapter 17-650 and to those recipients not subject to monthly reporting.
- (2) The financial assistance payment may be delayed until not later than the last day of

the payment month to eligible recipients who submit completed monthly eligibility reports after the timely period specified in chapter 17-650 but within the ten day period to submit or complete an incomplete monthly eligibility report.

(d) A financial assistance warrant returned to the department by the post office as undeliverable may be forwarded to the recipient's new address or released to the recipient by authorized department personnel.

(e) A financial assistance warrant returned to the department which cannot be forwarded to the recipient due to the lack of a current address shall be canceled within thirty days from the date of the warrant. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-681-5 Holding financial assistance warrants.

(a) The financial assistance warrant shall not be mailed on the usual date of mailing but shall be sent to the income maintenance unit handling the recipient's case when the recipient requests that the warrant be held, or when there is substantial evidence from a reliable source to:

- (1) Question the continued eligibility of the individual; or
- (2) Suspect that a probable overpayment has occurred or is occurring and holding the assistance payment warrant may be necessary to make a payment adjustment in accordance with chapter 17-683.

(b) The income maintenance worker shall send the recipient an advance notice of the holding action. The notice shall meet the requirements of timeliness and adequateness under chapter 17-649.

(c) Follow-up investigation on the reason for holding the financial assistance warrant shall be completed by the last work day of the month for which

the warrant was held. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §§346-14, 346-35)

§17-681-6 Warrant cancellation. (a) The department shall cancel the warrant when the:

- (1) Recipient cannot be located;
- (2) Recipient requests cancellation;
- (3) Recipient is ineligible for financial assistance;
- (4) Individual's entitlement is less than the amount of the state warrant and recoupment through subsequent months' entitlement cannot be made in accordance with chapter 17-683;
- (5) Warrant is a duplicate; or
- (6) Recipient dies.

(b) The department shall request that the warrant be canceled within thirty days from the date the warrant was issued. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §§40-68, 346-14, 346-35)

§17-681-7 Duplicate payment issuance. (a) The eligibility worker shall complete within one work day, a departmental form for the replacement of an original warrant when:

- (1) The recipient reports the loss, theft, or destruction of the original warrant by signing under penalty of perjury, the department's "duplicate payment statement" form, and:
 - (A) More than three working days have passed since the warrant was mailed, and the recipient has not received the warrant. If the warrant was mailed to a wrong address, a waiting period of at least ten working days shall pass before a duplicate warrant request shall be made;

- (B) The recipient's warrant was lost or stolen and was reported to the police department; or
- (C) The damaged warrant was returned to the department; or
- (2) The recipient reports the loss of an endorsed warrant by signing the department's "duplicate payment statement" form.
 - (A) If the department is unable to stop payment on the original warrant, or if the recipient acknowledges that the original warrant was signed with the payee's signature only, the department shall not issue a duplicate warrant.
 - (B) If the recipient states that the original warrant was endorsed to a specific person or organization, the department shall issue a duplicate warrant when payment is stopped on the original warrant and the assigned payee signs an affidavit that the original warrant was not cashed. A duplicate warrant shall be issued ten days after all the requirements of this section are met.

(b) A replacement warrant shall be issued to the recipient within ten working days from the date the replacement warrant form is completed by the income maintenance worker, if the original warrant has not been cashed. If the original warrant was cashed, the eligibility worker shall provide the recipient with a photostatic copy of the signed original warrant.

(c) If the recipient claims that the original warrant was cashed under a forged signature, the department shall issue a duplicate warrant within ten working days when:

- (1) The department agrees that the original warrant was not cashed by the recipient;

- (2) The recipient signs the department's "Affidavit of Endorsement of Warrant" form and has the form notarized; and
- (3) The recipient files a complaint with the police department. The recipient shall be subject to forgery investigation and recovery action if it is proven that the signature was not a forgery. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-681-8 Protective payment. (a) Payment shall be by protective payment and the warrant shall be made out to the protective payee under:

- (1) Section 17-681-3, money mismanagement;
- (2) Chapter 17-684, First-to-Work program sanctions; or
- (3) Chapter 17-653, child support sanctions.

(b) The selection of the protective payee shall be made by the recipient or with the recipient's participation or consent. The individual who is selected as the protective payee shall:

- (1) Demonstrate a sincere interest and concern in the recipient's general welfare as evidenced by regular visits and efforts to help at times of crisis;
- (2) Be capable of helping the recipient properly receive and manage the recipient's income, and shall supervise the recipient's use of the financial assistance payment;
- (3) Be capable of working closely with the recipient and assisting to teach basic home management skills, including ways to cope with everyday problems;
- (4) Not be a vendor of goods or service dealing directly with the recipient;
- (5) Not be an administrator, income maintenance worker, or other employee of the department dealing directly with the fiscal processes of the recipient's assistance grant;

- (6) Be reliable and of good character;
 - (7) Share in the responsibility with the department for the development and evaluation of plans to improve the recipient's capacity and capability to handle money; and
 - (8) Respect the recipient's right to confidentiality. The department shall inform the protective payee of the recipient's right to confidentiality and shall limit the information shared with the payee to those facts about the family that are pertinent to fulfilling the payee's responsibility.
- (c) If, after making all reasonable efforts, the department is unable to locate an appropriate individual to whom protective payments can be made in situations involving a First-to-Work or child support sanction, the department shall continue to make payments on behalf of the remaining members of the assistance unit to the sanctioned caretaker relative.
- (d) In case situations involving money mismanagement, payment to a protective payee shall not exceed two years and shall be terminated when:
- (1) The income maintenance worker, with supervisory approval, determines that the recipient or caretaker is able to manage the funds in the best interest of the recipient; or
 - (2) Judicial appointment of a guardian or other legal representative has been approved or denied after action for legal adjudication has been sought by the department or any other interested party, because it appears that the need for protective payments would continue beyond two years.
- (e) The recipient shall be informed of the recipient's right to appeal and have an administrative hearing on the determination of the protective payee plan or the payee selected.
- (f) A review shall be made as frequently as indicated by the individual's or family's

circumstances, but not less frequently than every twelve months to:

- (1) Determine the continued need for protective payment; and
- (2) Ensure that the protective payee is carrying out the responsibilities of a protective payee. [Eff 3/19/93; am 1/25/97] (Auth: HRS §§346-14, 346-53) (Imp: HRS §346-38; 45 C.F.R. §§233.90, 234.11, 234.60, 234.70)

§17-681-9 Imprest fund issuance. (a) An imprest fund means those state funds in the family and adult services division's designated checking accounts which the division's income maintenance units use to pay emergency financial assistance benefits.

(b) The imprest fund shall be used to pay eligible applicants and recipients without any currently available income or assets and whose immediate needs cannot be met through the usual payment process. Situations of immediate need shall be limited to the following situations:

- (1) An emergency situation exists under chapter 17-647;
- (2) The individual is eligible for natural disaster assistance under chapter 17-678;
- (3) The individual requires immediate shelter deposit or utility deposit to obtain or maintain the functions of everyday living and is eligible for a deposit under chapter 17-678; or
- (4) The recipient must report to a Temporary Labor Force assignment within five days after certification.

(c) A payment issued through the imprest fund shall not exceed the sum of:

- (1) The monthly assistance allowance to which the individual or family is entitled for the month under chapter 17-678; and

- (2) The cost of the shelter and utility deposits as allowed under chapter 17-678.
- (d) The amount of assistance payment authorized on each imprest check shall not exceed \$750.
- (e) The total amount of payments issued through the imprest fund and other methods of disbursement shall not exceed the amount the individual is entitled to receive.
- (f) The income maintenance worker's supervisor, or designee in the supervisor's absence shall authorize, where justified, the worker's request to use the imprest fund. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §§40-85, 346-53)

§§17-681-10 to 17-681-15 (Reserved)

SUBCHAPTER 2

MEDICAL ASSISTANCE REQUIREMENTS

§17-681-16 REPEALED. [R 8/01/94]

§17-681-17 REPEALED. [R 8/01/94]

§17-681-18 REPEALED. [R 8/01/94]

§§17-681-19 to 17-681-23 (Reserved).

SUBCHAPTER 3

FOOD STAMP REQUIREMENTS

§17-681-24 Purpose. The purpose of this subchapter is to establish the methods of issuing, replacing, and canceling benefits and the requirements for issuing benefits under the food stamp program. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §346-14)

§17-681-25 Definitions. As used in this subchapter:

"Authorization to participate (ATP) card" means a document issued to a certified household which indicates the allotment the household is authorized to receive.

"Authorized representative" means a person designated in writing by the head of the household, the spouse, or other responsible household member, to act on behalf of a household in applying for program benefits, and in securing and using coupons. An authorized representative also means a private nonprofit organization or institution conducting a drug addiction or alcoholic treatment and rehabilitation center, or a public or private nonprofit group living arrangement whose residents are blind or disabled recipients of benefits under title II or title XVI of the Social Security Act (42 U.S.C. §§401-433; 1381-1383), which will act on behalf of households who reside at the centers in applying for and obtaining food stamps.

"Certification period" means a definite period of time established by the branch during which the household shall be eligible for program benefits unless notified otherwise through appropriate notification procedures.

"Coupon" means any coupon, stamp, or type of certificate provided for the purchase of eligible food.

"Coupon issuer" means a bank, savings and loan association, or any person, partnership, corporation, organization, political subdivision, or other entity which has been assigned or contracted with by the department to issue coupons to households.

"Head of household" means the person normally designated as the head by a household or designated as the head by the branch.

"Identification (ID) card" means a card which identifies the bearer as eligible to receive and use food stamps.

"Recertification" means a redetermination of the household's eligibility to continue to receive program benefits beyond the current certification period. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §346-14; 7 C.F.R. §§271.2, 273.10)

§17-681-26 Timely issuance of benefits. (a) When an eligible household files a complete monthly report by the scheduled filing date, the household shall have an opportunity to participate by the normal issuance date for that household.

(b) Eligible applicants shall be provided an opportunity to participate according to the processing standards under chapter 17-647.

(c) An otherwise eligible recipient shall be provided an opportunity to participate by the normal issuance date within a current certification period.

(d) An otherwise eligible recipient shall be provided an opportunity to participate by the normal issuance date in the month following the end of the current certification period. However, the recipient shall lose the right to uninterrupted benefits when the recipient fails to:

- (1) Submit an application for recertification in a timely manner;
- (2) Attend any interview scheduled on or after the deadline for timely filing of the application for recertification under chapter 17-648; or
- (3) Submit all necessary verification within the time provided by the department provided that time elapses after the deadline for filing a timely application for recertification.

- of:
- (e) An opportunity to participate shall consist of:
 - (1) Providing an applicant or recipient with an ATP card; and
 - (2) Having an issuance facility open and available for the applicant or recipient to obtain its allotment. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §§273.2(g), 273.14, 273.21)

§17-681-27 Delayed issuance of benefits. (a) When an eligible recipient files a complete monthly report during the extension period, the department shall provide the recipient with an opportunity to participate not later than ten days after the recipient's normal issuance date.

(b) When an eligible recipient is terminated for failure to file a complete monthly report files a complete report after the extended filing date but prior to the first day of the month the food stamp assistance is to be terminated, the department shall reinstate the recipient by providing the recipient with an opportunity to participate no later than thirty days after receipt of the completed monthly report.

(c) When the recipient does not file a complete monthly report prior to the first day of the month the food stamp assistance is to be terminated, a new application shall be required and the application processing requirements of chapter 17-647 shall apply.

(d) The department shall take action to provide uninterrupted benefits within the following time standards even if, to meet these standards, the department shall provide an otherwise eligible recipient the opportunity to participate outside the normal issuance date:

- (1) Eligible recipients certified for one month or certified for two months in the second month of the certification period who have met the application for recertification

procedures shall be provided an opportunity to participate no later than thirty calendar days after the date the recipient had an opportunity to obtain its last allotment; or

(2) All other eligible recipients who have met the application for recertification procedures shall receive their benefits as follows:

- (A) Recipients not determined eligible in sufficient time to provide for issuance by the normal issuance date due to the time period allowed for submitting any missing verification shall receive an opportunity to participate within five working days after the missing verification is submitted; or
- (B) Recipients which have timely submitted an application for recertification but, due to department error, are not determined eligible in sufficient time to provide for issuance by the recipient's next normal issuance date shall receive an immediate opportunity to participate.

(e) An otherwise eligible recipient who loses the right to uninterrupted benefits under section 17-681-26(d) shall receive benefits within thirty days after the application for recertification is filed.

(f) When the department is unable to provide an otherwise eligible recipient with an opportunity to participate within thirty calendar days after the date the application for recertification is filed due to the time period allowed for submitting missing verification, the department shall provide the recipient an opportunity to participate within five working days after the recipient supplies the missing verification. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §§273.14, 273.21)

§17-681-28 Identification (ID) cards. (a) Each certified household shall receive an ID card as proof of program eligibility at the time of initial certification.

(b) A replacement ID card shall be issued only when the ID card is lost, destroyed, mutilated, or when the person authorized to obtain the coupons, use the coupons, or both, changes.

(c) The ID card shall be issued in the name of the household member to whom the ATP card is issued:

- (1) The household member and any authorized representative shall sign the ID card prior to using the ID card; and
- (2) When the household does not name an authorized representative, the fact that no designation was made shall be indicated on the ID card.

(d) An expiration date shall only be placed on the ID card issued to households that have been certified for delivered meals for a temporary period.

(e) ID cards delivered to households by mail shall not be mailed in the same envelope with an ATP card.

(f) Any household eligible for and interested in using communal dining facilities shall receive an ID card marked with the letters "CD" in areas where restaurants are authorized to accept food stamps.

(g) Any household eligible for and interested in using delivered meal services shall receive an ID card marked with the letter "M." [Eff 3/19/93] (Auth: §346-14) (Imp: 7 C.F.R. §273.10(g))

§17-681-29 ATP card issuance. (a) ATP cards issued by the department shall contain at a minimum:

- (1) Serial number;
- (2) Case name, address, and food stamp case number;
- (3) Amount of coupon allotment;
- (4) Expiration date;

- (5) Branch number for which that ATP card is issued; and
- (6) Space for the signature of the household member and the authorized representative.
- (b) The department shall stagger the issuance of ATP cards to certified households through the seventh working day of the month. An ATP card issuance cycle for each household shall be established so that each household:
 - (1) Receives its ATP card at the same time every month; and
 - (2) Has an opportunity to obtain its coupons prior to the end of the month.
- (c) Each ATP card shall be clearly marked with an expiration date:
 - (1) The ATP card shall be valid for the entire month of issuance unless an ATP card had been issued on or after the fifteenth day of the month; or
 - (2) For ATP cards issued on or after the fifteenth day of the month, the expiration date shall be the end of the following month; and
 - (3) A household which does not transact its ATP card during the validity period shall lose its entitlement to the benefits. The department shall not issue benefits to such a household for such a period.
- (d) ATP cards that are mutilated or otherwise rejected during the preparation process shall be voided. The branch shall stamp or write the word "void" on mutilated or rejected ATP cards and send them to PD-IM(FS).
- (e) The branch shall exercise the following security and controls for ATP cards returned as undeliverable by the postal service:
 - (1) Record the ATP card serial number, household name, and case number in a control log;
 - (2) Keep the returned ATP cards in secure storage with access limited to authorized personnel

while attempts are made to locate the household; and

- (3) ATP cards that have not been claimed by the household at the end of the month, shall be canceled by the branch and sent to PD-IM(FS). [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.2(e))

§17-681-30 Replacing ATP cards. (a) In the event ATP cards received are subsequently stolen, or destroyed in household disaster such as fire or flood, the household may request a replacement card.

- (1) To qualify for a replacement, the household shall report the theft or destruction to the branch within ten days of the incident or within the period of the ATP card's intended use, whichever is earlier. The household shall sign a statement which:

- (A) Attests to the theft or destruction of the household's ATP card;
- (B) States that the original ATP card shall be returned to the branch if recovered by the household; and
- (C) States that the household is aware of the penalties for intentional misrepresentation of the facts. The statement shall be retained in the case record; and

- (2) The required statement may be mailed into the income maintenance unit if the household member is unable to come into the office because of age, handicap, or distance from the office and is unable to appoint an authorized representative.

(b) When a request for replacement of an ATP card reported as destroyed in an individual household disaster or stolen is received, the branch shall:

- (1) Determine to the fullest extent possible, the validity of the request for replacement of the destroyed or stolen ATP card;
 - (2) Verify the disaster through either a collateral contact, documentation from a community agency including, but not limited to, the fire department or the red cross, or a home visit;
 - (3) Determine if the ATP card was valid when issued and if it has been reported destroyed or stolen in the period of its intended use. For ATP cards issued after the fourteenth of the month, the period of intended use shall be the last day of the month following the issuance month; and
 - (4) Examine the case record for notation of previous requests by the household for replacement of an ATP card reported stolen or destroyed subsequent to receipt.
- (c) The branch shall issue a replacement ATP card for an ATP card stolen or lost in the mail prior to receipt only if the ATP is reported stolen or lost in the mail in the period of its intended use. For an ATP card issued after the fourteenth of the month, the period intended for its use is the last day of the month following the issuance month.
- (d) When a household reports the nondelivery of an ATP card, the branch shall:
- (1) Determine if the ATP card was valid when issued, actually mailed, and if sufficient time has elapsed for delivery;
 - (2) Determine to the fullest extent possible, the validity of the request for replacement of the lost or stolen ATP card;
 - (3) Prepare and have the participant sign a statement that the original ATP card shall be returned to the branch if recovered by the household and that the household is aware of the penalties for intentional misrepresen-

tation of the facts. The statement shall also advise the household that:

- (A) The household may request an alternate delivery method after one report of loss or theft of an ATP card prior to receipt;
 - (B) The household shall be placed on an alternate delivery method after two reports in a six-month period of loss or theft of an ATP card prior to receipt;
 - (C) The branch may delay or deny further replacement after two reports in a six-month period of loss or theft of an ATP card prior to receipt or theft of an ATP card after receipt, or both; and
 - (D) The branch shall not replace the ATP card if the required statement is not signed and returned within ten days; and
- (4) Take other action warranted by the reported nondelivery, including, but not limited to:
- (A) Reporting on at least a monthly basis, all ATP cards reported as stolen or lost in the mail to the appropriate office of the postal inspection service:
 - (i) The department shall assist the postal service during any subsequent investigation and shall, upon request, supply the postal service with any facsimiles of the original ATP card, if transacted, the replacement ATP card, and a copy of the nonreceipt statement; and
 - (ii) The department shall advise the postal service if the original ATP card is not transacted;
 - (B) Placing a household on an alternate issuance system when circumstances exist that indicate the household may not receive its benefits through the normal

- issuance system, for example, when a household has a history of reported non-receipt of ATP cards; or
- (C) Issuing benefits to a household under an alternate issuance system after two request for replacement of original or replacement ATP cards are reported as nondelivered in a six month period:
 - (i) The two requests may be for either an original or a replacement ATP card;
 - (ii) The branch shall keep the household on of time the branch determines to be necessary;
 - (iii) The branch may return the household the alternate issuance system for the length to the regular issuance system if the branch finds that the circumstances leading to the loss have changed and the risk of loss has lessened; and
 - (iv) The placement of a household on an alternate issuance system and the length of time the household is on this system is not subject to the administrative hearing process.
 - (e) The number of replacement issuances which a household may receive shall be limited as follows:
 - (1) The department shall limit replacement issuances to a total of two countable replacements in a six-month period for ATP cards reported by the household as lost in the mail or stolen prior to receipt, and ATP cards stolen after receipt. Separate limits shall not be applied for each of these types of loss;
 - (2) The department shall limit replacement issuances per household to two countable replacements in six months for ATP cards and coupons reported as destroyed in a household

misfortune. This limit is in addition to the limit as cited in paragraph (1);

- (3) No limit on the number of replacements shall be placed on the replacement of ATP cards or coupons which were improperly manufactured or mutilated or on the replacement of food purchased with food stamp benefits which were destroyed in a household misfortune; and
- (4) The replacement issuance shall not be considered a countable replacement if:
 - (A) The original or replacement issuance is returned or otherwise recouped by the department;
 - (B) The original ATP card is not transacted;
 - (C) The replaced ATP card is not transacted; or
 - (D) The replacement issued is due to an agency error.

(f) The branch shall issue the replaced ATP card within ten days of the household's report of nondelivery or loss, or within two working days of receiving the signed household statement required in subsections (a)(1) and (d)(3), whichever is later:

- (1) If the signed statement is not received by the branch within ten days of the date of report, no replacement shall be made;
- (2) When the tenth day falls on a weekend or holiday, the branch shall consider the statement timely received; and
- (3) The branch shall retain the statement in the casefile.

(g) If the household has already received the maximum allowable number of countable replacements, subsequent replacements shall be delayed until the branch has verified that the original issuance was returned or the original ATP card was not transacted.

(h) Replacement shall be provided in the actual amount of the loss up to a maximum of one month's allotment, unless the issuance includes restored

benefits which shall be replaced up to their full value.

(i) When an ATP card replacement is requested, for ATP cards lost or stolen before receipt and ATP cards stolen or destroyed after receipt, but documentation exists substantiating that the request for replacement is fraudulent, replacement of the ATP card shall be denied or delayed:

(1) Households shall be informed of their right to an administrative hearing to contest the denial or delay of the replacement of the ATP card:

(A) The denial or delay of the replacement ATP card shall remain in effect pending the hearing decision; and

(B) The department may combine the administrative hearing with a fraud hearing;

(2) To deny or delay a replacement, the department shall have documentation substantiating fraud, such as a match between the signature on the original ATP card that had been transacted and the signature on the replacement request.

(j) The branch shall not issue a replacement ATP card to a household which reports that its ATP card was lost or misplaced after being received.

(k) Where FNS has issued a disaster declaration and the household is eligible for emergency food stamp benefits, the household shall not receive both the disaster allotment and a replacement of an ATP destroyed in a disaster. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.6)

§17-681-31 Replacing coupons. (a) A household may request a replacement for:

(1) That portion of its coupons which it had received but which were subsequently destroyed in a household misfortune or

- disaster such as but not limited to, fire or flood; or
- (2) Food that was purchased with food stamp benefits but which were subsequently destroyed in a household misfortune such as, but not limited to, fire or flood.
- (b) Replacement of coupons or food shall be provided in the actual amount of the loss but not to exceed one month's allotment.
- (c) To qualify for a replacement, the household shall be participating in the program when the disaster occurs and the household shall report the destruction to the branch within ten days of the incident. The household shall also sign a statement which:
- (1) Attests to the destruction of the household's food or food stamps;
 - (2) States that the original coupons will be returned to the department if recovered by the household;
 - (3) Advises the household that the department will not replace food or coupons if the required statement is not signed and returned within ten days; and
 - (4) States that the household is aware of the penalties for intentional misrepresentation of the facts. The statement shall be retained in the case file.
- (d) When a request for replacement of food or coupons reported as destroyed in a household misfortune or disaster is received, the branch shall:
- (1) Verify the disaster through either a collateral contact, documentation from a community agency including, but not limited to, the fire department or the red cross, or a home visit;
 - (2) Examine the case record for notation of previous requests by the household for replacement of coupons reported destroyed subsequent to receipt:

- (A) Replacement of coupons reported as destroyed, subsequent to receipt, shall be provided in accordance with section 17-681-30(e); and
- (B) There is no limit on the number of replacements for food purchased with food stamp benefits which was destroyed in a household misfortune or disaster;
- (3) Issue replacement coupons, if warranted, within ten days of receipt of request for replacement; and
- (4) Indicate in the case record that a replacement has been provided.
- (e) The branch shall not issue a replacement allotment to a household which reports that coupons were misplaced, lost, or stolen after being received.
- (f) The coupon issuer shall provide a replacement for coupons that were received by a household but which were subsequently mutilated or found to be improperly manufactured:
 - (1) The amount to be replaced shall be equal to the value of the improperly manufactured or mutilated coupons;
 - (2) If the coupon issuer cannot determine the value of a mutilated coupon, after exhausting all available means of determining the value within the State, the coupon issuer shall send the mutilated coupons to the department for forwarding to FNS for a determination; and
 - (3) The coupon issuer shall not replace coupons which are mutilated to such a degree that less than three-fifths of the coupon is presented by the household.
- (g) Where FNS has issued a disaster declaration and the household is eligible for emergency food stamp benefits under the disaster declaration, the household shall not receive both the disaster allotment and a replacement allotment of coupons destroyed in a

disaster. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.6)

§17-681-32 Return of coupons. (a) In the event of voluntary termination of participation in the program by a household or by death of the head of the household, properly issued coupons may be returned to the branch. Occasionally, unused coupons are turned in and the owner is unknown or cannot be located by the branch.

(b) Returned coupons shall be accepted by the department for accounting and disposition purposes only. When unused coupons are returned, the branch shall:

- (1) Cancel all returned coupons and coupon books by writing or stamping "canceled" across the face of the coupons and coupon books;
- (2) Maintain all returned coupons and coupon books in secure storage; and
- (3) Submit the returned coupons and coupon books daily to PD-IM(FS) with a memo including the following information:
 - (A) The name of the recipient, the recipient's address, and the case number. If not known, "unknown" shall be written in the memo;
 - (B) The reason for the return of the coupons and coupon books; and
 - (C) The total amount of coupons and the denomination and number of the coupons being returned.

(c) Households shall be reminded that even if the households are not currently eligible, properly issued coupons may be redeemed at any time in authorized retail stores. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.11(a)-(d))

§17-681-33 Old series coupon exchange.

Households which still have old series coupons printed prior to February, 1975 shall be entitled to a dollar for dollar exchange of old series coupons for new series coupons:

- (1) When only a 50 cent coupon is offered for exchange or the coupons offered include an odd number of 50 cent coupons, a new series \$1 coupon shall be given for the odd 50 cent coupon; and
- (2) Households in possession of old series coupons shall submit the coupons and a request for exchange to the coupon issuer. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: §274.11(e))

§17-681-34 Allotments of \$1, \$3, or \$5. If an allotment has a value of \$1, \$3, or \$5, the branch shall authorize an allotment of the next higher dollar amount of \$2, \$4, or \$6. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.2(h))

§§17-681-35 to 17-681-39(Reserved).

SUBCHAPTER 4

STATE PARTICIPATION IN THE SSI AND STATE LOAN PROGRAMS

§17-681-40 Purpose. The purpose of this subchapter is to:

- (1) Delineate the manner of state financial participation in the federal supplemental security income (SSI) program; and
- (2) Establish the eligibility requirements and conditions for state loans to applicants for federal SSI benefits. [Eff 3/19/93] (Auth:

HRS §346-14) (Imp: HRS §§46-14, 346-51, 346-52, 346-57)

§17-681-41 State financial participation. (a) The department may provide financial participation in the basic federal supplemental security income (SSI) program.

(b) The amount of the state participation shall be determined by the director in accordance with the requirements of the mandatory pass along provisions of the federal law and the availability of state funds.

(c) The state share, upon a contractual agreement with the Secretary of Health and Human Services, shall be administered by the federal Bureau of Supplemental Security Income through the Social Security Administration:

- (1) The contractual agreement and the amount of the state share shall be reviewed every state fiscal year and shall be amended as necessary; and
- (2) The contractual agreement shall be made in accordance with the provisions of Pub. L. No. 94-585, Section 1618 of the Social Security Act (42 U.S.C. §1382g), as amended. [Eff 3/19/93] (Auth: HRS §§346-14, 346-53) (Imp: HRS §§346-51, 346-52)

§17-681-42 Intent of the state loan program for applicants of SSI. (a) The intent of this loan shall be to make available moneys for applicants of supplemental security income who are awaiting the disposition of the applicant's application or who are awaiting a decision on the applicant's appeal of an ineligible disposition by the supplemental security income (SSI) office.

(b) The loan moneys shall be provided to prevent hardship for the applicants. [Eff 3/19/93] (Auth HRS §346-14) (Imp: HRS §346-57)

§17-681-43 Relationship to financial assistance programs. (a) Current recipients or applicants under the GA program who may be potentially eligible for SSI shall be required to apply for federal SSI benefits.

(b) All applicants under the state AABD program who are not current recipients of SSI because of age, blindness, or disability shall be required to apply for federal SSI benefits.

(c) Applicants or recipients under the state funded AFDC program who may be potentially eligible for SSI, shall be required to apply for federal SSI benefits.

(d) Upon application for SSI by the GA, AABD or state funded AFDC applicant or recipient, the state funded assistance payment shall be converted to a loan status with the department, if the conditions of this subchapter are met.

(e) SSI applicants who are also eligible for federally funded AFDC shall be entitled to AFDC assistance in lieu of a state loan. [Eff 3/19/93; am 9/26/97] (Auth: HRS §346-14) (Imp: HRS §§346-7, 346-14, 346-57)

§17-681-44 Eligibility requirements for receipt of a state loan. A state loan shall be provided to an applicant of supplemental security income if the applicant meets the following requirements:

- (1) The individual shall be eligible for financial assistance under the state funded AFDC, GA or state AABD program;
- (2) The individual shall be an applicant for benefits under the federal supplemental security income program;
- (3) The individual's request for an advance SSI payment shall have been denied or for a determination of presumptive eligibility

- shall not have been made by the Federal Bureau of Supplemental Security Income; and
- (4) The individual shall agree to the conditions for receipt of a loan as specified in section 17-681-45. [Eff 3/19/93; am 9/26/97] (Auth: HRS §346-14) (Imp: HRS §346-57)

§17-681-45 Conditions for receipt of a state loan. (a) The individual shall execute a written agreement with the department at the time application for the loan is made.

(b) If the individual fails to inform the department of the individual's application for SSI at the time the SSI application is made, one of the following actions shall be taken when the department becomes aware of the individual's application for SSI:

- (1) If the individual's determination for SSI has not yet been made, the individual shall be required to execute a written agreement retroactive to the date application for SSI was made as a part of the individual's eligibility requirement for state funded AFDC, GA or state AABD and shall be placed on loan status retroactively;
- (2) If the individual has already been found to be ineligible for SSI, the department's income maintenance worker shall document in the individual's case record the facts related to the individual's application for SSI, the determination of ineligibility, and the individual's reasons for not informing the agency; or
- (3) If the individual has already been found eligible for SSI and has received or is expected to receive the retroactive SSI payment, the department shall pursue, as applicable, an overpayment refund or investigation or prosecution of fraud.

(c) The written agreement shall enable the department to receive the retroactive SSI payment directly from the federal government so that the department may obtain reimbursement for the loan.

(d) In the written agreement the individual shall agree to:

(1) Repay the department from the retroactive SSI payment:

(A) The exact amount of the loan if the retroactive payment is equal to or more than the amount of the loan; or

(B) The total amount of the retroactive SSI if the payment is less than the amount of the loan;

(2) Inform the department if the denial of eligibility for SSI shall be appealed and to notify the department of the appeal decision and any other subsequent appeal plan and decision. For a case in which an appeal is pursued, the state loan and all requirements and conditions for the receipt of the loan shall be continued in effect until the individual abandons the appeal process or the individual no longer has any recourse;

(3) Be ineligible for an outright state funded AFDC, GA or state AABD payment until such time as the individual is determined categorically ineligible for federal SSI. If the individual appeals the SSI ineligibility decision, the individual shall continue to be ineligible for an outright state funded AFDC, GA or state AABD payment until the appeal process is completed or until the individual has no further recourse; and

(4) Agree that the loan shall:

(A) Be discharged and no repayment shall be required if the individual's application for federal SSI is denied. If the individual is found ineligible for SSI because of the individual's failure to

cooperate with the SSI office to establish the individual's eligibility, the state loan shall not be discharged and repayment shall be required;

- (B) Bear no interest; and
- (C) Not exceed the amount of assistance that would be otherwise available to the individual under the GA or state AABD program. [Eff 3/19/93; am 9/26/97]
(Auth: HRS §346-14) (Imp: HRS §§346-34, 346-57)

§17-681-46 Termination of a state loan. (a) A state loan shall be terminated:

- (1) Upon receipt by the department of the retroactive SSI check and retroactive to the first month the SSI benefits were effective; or
- (2) On the date the department is informed by the supplemental security income office that the individual has been determined to be ineligible for SSI payments for reasons other than the individual's failure to cooperate and retroactive to the date the state loan was first effective. If the individual appeals the decision of ineligibility, the state loan shall not be terminated until after the appeal process is terminated or until the individual has no further recourse.

(b) A notice shall be sent to the individual informing the individual of the:

- (1) Amount of the retroactive SSI check;
- (2) Total amount of the state loan;
- (3) Period the state loan covered;
- (4) Amount deducted from the retroactive SSI payment to cover the loan;
- (5) Amount, if any, to which the individual is entitled from the retroactive check; and

- (6) Amount of the loan discharged, if any. [Eff 3/19/93] (Auth: HRS §346-14) (Imp: HRS §§346-14, 346-57)

SUBCHAPTER 5

ELECTRONIC BENEFIT TRANSFER

§17-681-50 Purpose. The purpose of this subchapter is to establish the methods of issuing and replacing benefits under an EBT system for the employment and child care, financial assistance and food stamp programs. Where this subchapter conflicts with other subchapters, this subchapter shall take precedence for households receiving benefits issued by means of electronic benefit transfer. [Eff 8/01/98; am 9/11/03] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(a))

§17-681-51 Definitions. As used in this subchapter:

"Acquirer" means a financial institution that may:

- (1) own or operate automated teller machines,
- (2) sign merchant agreements with merchants for the acceptance of the Hawaii EBT card, or
- (3) sign agreements with ATM terminal drivers for the acceptance of the Hawaii EBT card."

"Adjustments" means a credit or debit transaction to correct a system error, correct an inaccurate record of a transaction, or to correct an out-of-balance condition that is identified in the settlement process.

"Alternate payee" means an adult designated by the primary payee to receive an EBT card.

"Automated Clearing House (ACH)" means the network operated by the Federal Reserve and financial institutions to electronically process and settle funds transfers between financial institutions.

"Automated teller machine (ATM)" means a machine used to withdraw financial assistance benefits.

"Bank day" means the weekday on which the bank is open for business. It does not include weekends or holidays.

"Calendar day" means the actual day of the month. It includes weekdays, weekends, and holidays.

"Dormant" means the inactive status of an EBT account after ninety days of no debit transaction.

"Cash assistance households" means households receiving cash payments from any of the employment and child care programs as defined in chapters 17-684, 17-794 and 17-798.1, and from any of the financial assistance programs as defined in section 17-600-3, excluding medical assistance, social services, and transportation assistance.

"Electronic benefit transfer (EBT) system" means a computer-based system in which the financial assistance and food stamp benefit authorization is received from a central computer through an automated teller machine or point-of-sale device.

"EBT card" means the card issued by the department which will allow the holder to access benefits in an EBT account through an ATM or POS device.

"EBT cash account" means an account or file that is maintained by the EBT contractor on behalf of the household which contains the household's authorized cash or financial assistance benefits.

"EBT food stamp account" means an account or file that is maintained by the EBT contractor on behalf of the household which contains the household's authorized food stamp benefits.

"EBT transaction" means a transaction authorized from either the EBT cash account or EBT food stamp account in which the entire transaction amount debited is from the corresponding EBT account.

"Expunged benefits" means benefits that are reverted back to the State because the household failed to debit their benefits from their EBT account within the required timeframes established by this subchapter.

"Gateway" means a service provided by a Network for access to other regional or national Networks.

"Hawaii Automated Network of Assistance (HANA) system" means the computerized eligibility system that is designed to provide on-line client tracking, case management, payment, process automation and computerized report capabilities for line staff and administration for the maintenance of the employment and child care programs as defined in chapters 17-684, 17-794 and 17-798.1.

"Hawaii Automated Welfare Information (HAWI) system" means the computerized eligibility system that is designed to provide on-line client tracking, case management, payment, process automation and computerized report capabilities for line staff and administration for the maintenance of the financial assistance and food stamp programs.

"Host computer" means the computer system that stores, maintains and updates the EBT records and accounts.

"Misdispensement" means the failure of an automated teller machine to dispense out the correct amount of cash.

"Network" means an organization or company that operates computer hardware and software and telecommunication links to enable the interchange of commercial debit transactions.

"Off-line" means a transaction that is processed manually by a merchant because the merchant does not have a direct electronic connection through the Gateway to the EBT system.

"Personal identification number (PIN)" means a secret number selected by the household to be used with the EBT card to receive benefits.

"Point-of-sale (POS) device" means a machine in a food store that is used to allow food stamp recipients to purchase food items.

"Primary payee" means the primary information person identified in the Hawaii Automated Welfare Information System.

"Processor" means any company processing transactions on behalf of a financial institution, Acquirer or merchant.

"Provisional credit" means the process by which the EBT account is immediately re-credited pending an audit review by the EBT contractor whenever the system incorrectly debits the household's EBT account due to an electronic malfunction of the system caused by a telecommunication time-out or an error by the Processor.

"Re-presentment" means the process by which the EBT contractor will seek repayment or debit an EBT account when a manual authorization of the transaction is approved by the EBT contractor to the merchant because the EBT host system is down and the transaction

authorization is based upon a backup data system. In the event the household's account balance is insufficient to cover the amount of the manual transaction, the EBT contractor may re-present or debit the disallowed transaction from benefits deposited into the household's EBT account in future months.

"Reversal" means the electronic cancellation of a transaction usually due to a system malfunction.

"Surcharge" means a fee deducted from a cardholder's account by a financial institution which owns or operates automated teller machines that accepts the Hawaii EBT card.

"System error" means an error resulting from a malfunction at any point in the redemption process: from the system host computer, to the switch, to the third party processors, store host computer or POS device. [Eff 8/01/98; am 10/18/01; am 9/11/03]
(Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(1), (f))

§17-681-52 Methods of payment. (a) Financial assistance and employment and child care payments to eligible persons shall be issued in the form of EBT or imprest check.

- (1) The general method of payment shall be by EBT to the eligible primary payee.
- (2) The money shall be transferred to an EBT account or direct deposited into a financial institution account designated by the primary payee.
- (3) The EBT account shall be accessed by any individual who has an EBT card and a valid PIN.
 - (A) The household's cash benefits may be accessed through ATMs or through POS devices at retail establishments who are participating in the cash-back option under the EBT program.
 - (B) The department shall provide two free ATM transactions per month and recipients will be assessed a recipients will be assessed a transaction fee for all subsequent transactions. The household may also be assessed a surcharge fee, which is unrelated to the

transaction fee, on all ATM transactions by the ATM owner.

- (4) Benefits shall be issued by imprest check if necessary to meet application emergency processing requirements as described in chapter 17-647.

(b) Occasionally an ATM may misdispense less cash to a recipient than what was requested. The cause of the misdispensement may be due to a system time-out or a problem with the telecommunication line anywhere between the ATM, the processor, the Gateway or the EBT system. Whenever a recipient experiences a misdispensement at an ATM, the recipient shall:

- (1) Report the error to the EBT customer service to file a trouble ticket;
- (2) Report the problem of the misdispensement to the unit to request a provisional credit; and
- (3) Sign a statement attesting to the misdispensement and provide all the pertinent information, i.e., the date, time, location and the amount of the misdispensement. The client shall also acknowledge that if the audit investigation of the misdispensement proves to be false:
 - (i) The amount of the provisional credit that was credited into the household's EBT account shall be immediately debited from the household's EBT account;
 - (ii) If the balance in the household's EBT account is insufficient to cover the amount of the provisional credit, the provisional credit amount shall be debited from the benefits deposited in the next month;
 - (iii) If no funds are deposited into the EBT account in the next month, or if the department was unable to debit the account before the household accessed the benefits, a claim in the amount equal to the provisional credit amount shall be established against the household; and
 - (iv) The fraud provisions as specified in chapter 17-604.1 shall be imposed against the household.

(c) If the household received more cash from the ATM than what was originally requested, the household shall be responsible to report the overage to the ATM owner and to the household's case worker. The household may be liable for any excess amount that was misdispensed by the ATM, and may be subject to the requirements specified in section 17-681-57.

(d) Food stamp benefits to eligible households shall be issued in the form of EBT. The EBT account shall be accessed by any individual who has an EBT card and a valid PIN. Food stamp benefits may be accessed through:

- (1) POS devices at food stamp certified retail stores that have the capability to electronically process EBT transactions; or
- (2) Manual off-line voucher process for those food stamp certified retailers who do not have a POS device but are certified by the EBT contractor to accept EBT transactions. Manual off-line vouchers may also be used by POS merchants when normal EBT electronic processing is not possible. Recipients will not be assessed any transaction fees for purchases made with their food stamp benefits. [Eff 8/01/98; am 10/18/01; am 9/11/03] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(a), (f)(1))

§17-681-53 EBT cards. (a) EBT cards shall be used to access the EBT cash account and EBT food stamp account.

- (1) EBT cards shall be issued to all recipient households.
- (2) (2) One EBT card shall be issued to the primary payee and a second card may be issued to the alternate payee. Before a second card is issued to an alternate payee, the primary payee shall provide a written statement designating the name of the alternate payee and the program accounts to which the alternate payee will have access. Program benefits to which the household has authorized its alternate payee access shall

not be replaced if accessed by the alternate payee.

(b) The department shall replace a lost or stolen EBT card. The household has the option of receiving the replaced EBT card either over-the-counter at the unit office or through the mail from customer service. Cards issued at the unit office shall be replaced within three business days following notice from the household. Households opting to have their cards replaced by customer service can expect to receive the cards anywhere between seven to ten days after the request is received by customer service.

(c) The department shall not replace lost or stolen benefits. [Eff 8/01/98; am 10/18/01] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(f)(5))

§17-681-54 Delivery of benefits. (a) Households will have their monthly financial assistance, employment and child care payments and food stamp benefits available on a staggered basis up to the fifth calendar day of each month. Financial and employment and child care assistance households shall have the option of receiving their benefits either through the EBT system or through a direct deposit into a designated financial institution account.

(b) A newly approved applicant household or a household whose financial or employment and child care case is reopened in a new month shall have its cash benefits made available in the EBT system no earlier than three working days after the case has been approved in the HAWI or HANA systems if the application is processed in HAWI or HANA before the last four work days of the month. Households whose cases are reopened or whose applications are approved any time during the last four work days of a calendar month will receive their first issued benefits no earlier than three working days after the first work day of the next month. Newly approved cash assistance households, who choose the direct deposit option, will receive their initial benefits approximately three workdays later due to the ACH process.

(c) Newly approved food stamp applicant households or households whose food stamp case is reopened shall have its food stamp benefits available

the next calendar day after the benefits are authorized in the HAWI system if the application is processed in HAWI before the last four work days of the month.

Households whose cases are reopened or whose applications are approved any time during the last four work days of a calendar month will receive their first issued benefits no earlier than the next calendar day after the first work day of the next month.

(d) Financial assistance households, who meet the expedited processing criteria for the financial assistance programs in chapter 17-647, shall have their benefits issued in accordance with the imprest fund issuance procedures in section 17-681-9.

(e) Food stamp households, who meet the expedited service provisions in chapter 17-647, shall have their emergency food stamp benefits issued through the EBT system. [Eff 8/01/98; am 7/16/99; am 10/18/01; am 9/11/03] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(f)(4))

§17-681-55 Conversion of benefits. (a) Cash assistance households that are leaving the State shall withdraw all of their cash benefits in their EBT accounts before leaving the State.

(b) Food stamp households in which all the members are leaving the State shall be allowed to convert their electronic benefits to cash if the food stamp household is moving to another state that does not accept EBT transactions. [Eff 8/01/98; am 10/18/01; am 9/11/03] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(f)(6))

§17-681-56 Expungement of benefits. (a) For cash assistance households, benefits shall be expunged after ninety days of no debit activity.

(b) For food stamp households, benefits shall be expunged after two hundred seventy days of no debit activity.

(c) Once an EBT account is expunged, the household loses all rights to the balance amount that was remaining in the EBT account.

(d) The department may use the balance in the household's EBT account to offset any outstanding

overpayments still owed by the household. The funds that are used to offset any outstanding overpayments are not refundable to the household.

[Eff 8/01/98; am 10/18/01; am 9/11/03] (Auth: HRS §346-14) (Imp: 7 C.F.R. §274.12(f)(7)(ii))

§17-681-57 Adjustments to EBT food stamp accounts.

(a) The department shall make adjustments to an EBT food stamp account after the benefits have been made available to the household to correct an auditable, out-of-balance settlement condition that occurs during the redemption process as a result of a system error. The adjustment may occur after the availability date and may result in either a debit or credit to the household.

- (1) Client initiated adjustments shall be made no later than ten business days from the date the household notifies the department of the error. Business days are defined as calendar days other than Saturdays, Sundays and federal holidays.
- (2) The household has 90 days from the date of the error to notify the department of the need for an adjustment.
- (3) Retailer initiated adjustments shall be made no later than ten business days from the date the error occurred.
- (4) If there are insufficient benefits remaining to cover the entire adjustment, the full adjustment shall be attempted against only the household's next month's benefits.
- (5) The household shall be given, at a minimum, an adequate notice as defined in chapter 17-649. This notification shall be made no later than the date the action is initiated against the household EBT account.
- (6) The household shall have ninety days from the date of the notice to request a fair hearing in accordance with chapter 16-602.1. Should the household dispute the adjustment and a request is made within fifteen calendar days of the notice, no further action shall be taken to debit the household's EBT account until the fair hearing decision is rendered.

If no fair hearing is requested within fifteen calendar days, the adjustment shall be made to credit the retailer's account.

(b) Under certain circumstances when manual off-line voucher transactions occur due to the inaccessibility of the host computer and the transaction is rejected due to insufficient funds in the household's account, the department may permit the re-presentation of the transaction during subsequent months.

(1) Re-presentation of manual vouchers when there are insufficient funds in the EBT account to cover the manual transaction may be permitted only under the following conditions:

- (a) The manual transaction occurred because the host computer was down and authorization was obtained by the retailer for the transaction; or
- (b) The manual transaction occurred because telephone lines were down.

(2) Re-presentation of manual vouchers shall not be permitted when the EBT card, magnetic stripe, PIN pad, card reader, or POS terminal fails and telephone lines are operational. Manual transactions shall not be utilized to extend credit to a household via re-presentation when the household's EBT account balance is insufficient to cover the planned purchase.

(3) The department shall debit the benefit allotment of a household during the first month following the insufficient funds transaction in the amount of \$50 in the first month and the greater of \$10 or 10 per cent of the allotment in subsequent months until the total balance owed is paid-in-full. If the monthly allotment is less than \$50, the department shall debit the account for \$10.
[Eff 3/04/04] (Auth: HRS §346-14) (Imp: 7 C.F.R. 274.12(f)(4),(1))

